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Cattle Market Update

For the Week Ending January 22, 2016

All prices are quoted in Canadian dollars per hundredweight (\$/cwt) unless otherwise stated.

Saskatchewan Feeder Steer and Feeder Heifer Prices (\$/cwt)

Feeder Steers		300-400	400-500	500-600	600-700	700-800	800-900	900+ lb.
Jan. 22/2016	Average	\$303.50	\$297.63	\$272.00	\$246.75	\$228.75	\$215.88	\$210.63
Jan. 22/2016	Range	299-327	282-315	260-282	236-257	221-236	210-225	204-217
Dec.18 to Jan.22	Change	N.A.	\$27.63	\$34.50	\$28.28	\$23.75	\$12.13	N.A.
Dec. 18/2015	Average	N.A.	\$270.00	\$237.50	\$218.47	\$205.00	\$203.75	N.A.
Feeder Heifers		300-400	400-500	500-600	600-700	700-800	800+ lb.	
Jan. 22/2016	Average	\$260.25	\$249.63	\$234.13	\$219.25	\$205.50	\$194.17	
Jan. 22/2016	Range	252-270	239-263	225-245	210-230	199-217	190-203	
Dec.18 to Jan.22	Change	-\$8.98	\$5.88	\$18.88	\$16.00	\$15.50	\$9.10	
Dec. 18/2015	Average	\$269.23	\$243.75	\$215.25	\$203.25	\$190.00	\$185.07	

Source: CanFax

Note: Prices are determined from Saskatchewan auction marts' reports of sale results from Thursday of the previous week to Wednesday the current week. N.A. means not available due to lack of sufficient data.

This price set includes all sales from Thursday January 21 to Wednesday January 27.

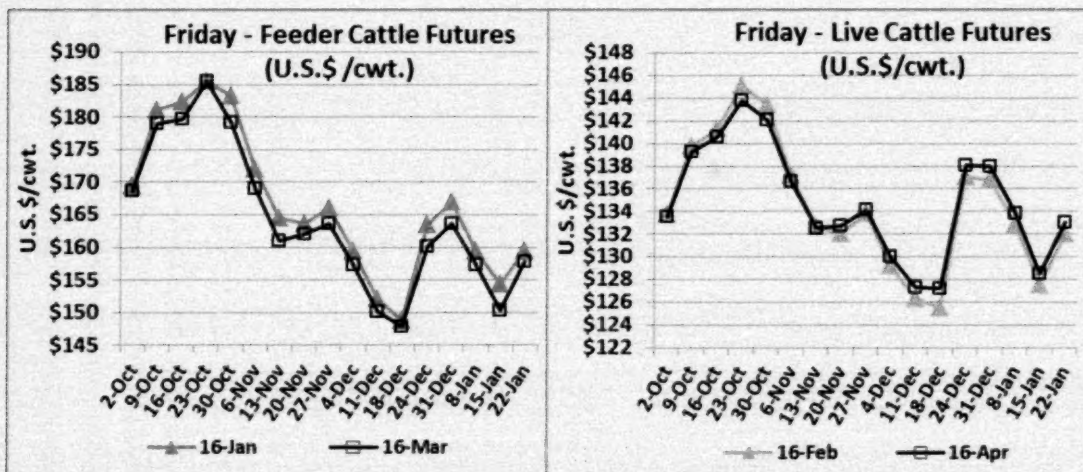
Canfax reported that a total of 8,925 head of cattle were sold in Saskatchewan this week, up from 8,493 head the previous week, and up from 8,210 head sold during the week of December 18. Saskatchewan feeder cattle prices overall have been primarily higher in almost all weight categories since our last report on December 18, 2015.

Saskatchewan feeder steer prices were mixed from the previous week with prices ranging from \$5.20 per cwt lower to \$9.13 per cwt higher. Feeder steer prices were higher in the weight categories less than 700 lb., but lower in the weight categories above 700 lb. Feeder steer prices over the last month since our last report on December 18 have increased between \$12 and \$34 per cwt in the different weight categories. The 500-600 lb. feeder steer weight category had the biggest gain since mid-December increasing \$34.50 per cwt.

Saskatchewan feeder heifer prices were mixed last week ranging from \$5.33 per cwt lower to \$3.75 per cwt higher. Prices were higher for all weight categories below 700 lb., but lower for the weight categories above 700 lb. Feeder heifer prices since our last report on December 18 ranged from about \$9 per cwt lower to almost \$19 per cwt higher. The 300-400 lb. feeder heifer weight category had the only loss declining \$8.98 per cwt, while the 500-600 lb. feeder heifer weight category had the biggest increase gaining \$18.88 per cwt.

The Saskatchewan 750 lb. feeder steer basis compared to the January 21, 2016, U.S. feeder cattle index at US\$157.51 per cwt was calculated at (+\$5.87) per cwt ($\text{US\$157.51}/0.7067 - \$228.75$), a basis narrowing (positive) from (-\$4.90) per cwt from the previous week and a big basis improvement of \$16.35 per cwt from the basis of (-\$10.48) per cwt on December 17, 2015.

Feeder cattle futures prices have been very volatile and primarily declining since mid-October before rebounding almost ten per cent in late December. While feeder cattle futures prices declined almost eight per cent the first two weeks of January, prices have rebounded this week with the March and April contracts increasing about five per cent from the previous Friday's close. Feeder cattle futures markets were primarily higher this week with strong gains Thursday and Friday. The January 2016 contract increased US\$5.125 per cwt to settle Friday at US\$159.425 per cwt. The March 2016 contract increased US\$7.625 per cwt to settle Friday at US\$157.900 per cwt.



Source: CME

Source: CME

Live cattle futures prices were also volatile and overall lower since mid-October before rebounding in late December, then declining again in early January 2016. Prices were primarily higher this week increasing about 3.5 per cent with strong gains on Thursday. The nearby February contract increased US\$4.525 per cwt to settle Friday at US\$132.075 per cwt, while the April 2016 contract increased US\$4.575 per cwt to settle Friday at US\$133.075 per cwt.

U.S. Iowa cash corn prices moved higher over the week increasing seven cents to settle Friday at US\$3.43 per bushel. U.S. daily corn futures prices were primarily higher over the week with decent price increases on Tuesday and Friday to end the week higher, week-over-week. The March 2016 contract increased seven cents to settle Friday at \$3.70¼ per bushel, while the May 2016 corn contract increased just over seven cents to settle Friday at US\$3.74¾ per bushel.

Fed and Non-fed Cattle`

	January 22, 2016	December 18, 2015	Change over Month
<u>Steers (Alberta)</u>			
Live	\$177.31	\$154.73	+\$22.58
Rail	\$293.50-\$296.50	\$257.75-\$258.00	+\$35.75to\$38.50
<u>Cows (Alberta)</u>			
D1,2 Live	\$110.58	\$103.21	+\$7.37
D3 Live	\$97.60	\$90.80	+\$6.80
Rail	\$214-218	\$200-205	+\$14to\$13

Source: Canfax. (n/a = not available, n/c = no change)

Prices for liveweight, non-fed cattle in Alberta were steady to higher over the week with the price of D1,2 slaughter cows increasing \$0.95 per cwt to average \$110.58 per cwt, while the price of D3 slaughter cows was a dime higher to average \$97.60 per cwt. The price of D1,2 slaughter cows over the last month since our December 18 report have increased \$7.37 per cwt, while the price of D3 slaughter cows increased \$6.80 per cwt.

Fed cattle prices in Western Canada for Alberta fed steers were reported to average \$177.31 per cwt over the week, down \$1.80 per cwt from \$179.11 per cwt the previous week. Alberta fed steer prices since our last report a month ago have increased \$22.58 per cwt.

The live (FOB feedlot) weighted average 5-area (Texas/Oklahoma/New Mexico, Kansas, Nebraska, Colorado and Iowa/Minnesota) weekly fed steer price in the U.S. was reported at US\$133.72 per cwt, up US\$0.47 per cwt or 0.4 per cent from US\$133.25 per cwt the previous week, but down 16.1 per cent from US\$159.44 per cwt the same week a year ago. The dressed (delivered basis) price for U.S. steers delivered to plants in the 5-area was reported at US\$207.64 per cwt, down US\$1.92 per cwt or 0.9 per cent from US\$209.56 per cwt the previous week, and down 18.5 per cent from US\$254.68 per cwt the same week a year ago.

On January 22, 2016, the United States Department of Agriculture (USDA) released the monthly *Cattle on Feed Report* for January 1, 2016.

January 1, 2015 and 2016, Cattle on Feed (in U.S. feedlots with 1,000+ capacity)			
	2014/15	2015/16	Per cent of previous year
On feed December 1	10,816,000	10,800,000	99.9
Placed during December	1,537,000	1,525,000	99.2
Marketed during December	1,655,000	1,674,000	101.1
Other disappearance during December	72,000	78,000	108.3
On feed January 1	10,626,000	10,573,000	99.5

Source: USDA

The USDA Cattle on Feed (COF) report indicated that the number of cattle placed on feed in December 2015 was 1.525 million head, down 0.8 per cent from 1.537 million head in December 2014, and down 5.1 per cent from 1.607 million head placed in November 2015. The number of fed cattle marketed in December 2015 was 1.674 million head, up 1.1 per cent from 1.655 million head in December 2014, and up 9.3 per cent from 1.532 million head marketed in

November 2015. The December cattle placements were over four per cent above the average trade estimates (94.9), while the cattle marketed in December were almost one per cent less than the average trade estimates (101.9). The cattle on feed for January 1, 2016 were estimated at 10.573 million head, about 0.5 per cent below the January 2015 inventory numbers, and 2.1 per cent below the December 2015 numbers. The average trade estimates were estimating a decline of just over one per cent (98.8) from January 2015 to January 2016, while USDA's (99.5) estimated number was less than one per cent above trade estimates. The biggest variation in the report were animals placed in December 2015 were over four per cent higher than the average trade estimates, while marketing's and cattle on feed both had less than one per cent variation compared to the average trade estimates. The report overall will likely be viewed as bearish with less cattle marketed and more cattle placed on feed in December than average trade estimates.

Choice beef cutout prices (600-900 lb.) averaged US\$228.73 per cwt over the week, down US\$5.94 per cwt or 2.5 per cent from US\$234.67 per cwt the previous week, and down 10.9 per cent from US\$256.85 per cwt the same week a year ago.

Beef production for the week ending January 22 was estimated at 474.0 million lb., down slightly from 474.7 million lb. the previous week, but up 0.4 per cent from 472.3 million lb. the same week a year ago. Cattle slaughtered over the week were estimated at 569,000 head, up slightly from 568,000 head the previous week, but down 2.1 per cent from 581,000 head a year ago.

Meat In U.S. Cold Storage

USDA released the latest U.S. cold storage numbers on January 22, 2016. The U.S. beef stocks in cold storage totaled 513.9 million lb. on December 31, 2015, up 0.6 per cent from 510.6 million lb. on November 30, 2015, and up 15.6 per cent from 444.4 million lb. on December 31, 2014. U.S. beef stocks in cold storage at the end of December 2015 were at their maximum level compared to their previous ten year highs for December, and close to the maximum overall ten year highs.

U.S. combined pork, beef, chicken and turkey stocks in cold storage totaled 2.122 billion lb. on December 31, 2015, down 1.0 per cent from 2.144 billion lb. on November 30, 2015, but up 14.4 per cent from 1.854 billion lb. on December 31, 2014. Total U.S. meat supplies in cold storage have declined almost 12 per cent from their 2015 highs in late September.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On January 12, the USDA released the January World Agricultural Supply and Demand Estimates (WASDE). The January USDA WASDE report revised the 2015 United States Red Meat and Poultry production estimates to 94.632 billion lb., a slight decrease from the December estimates, but still a 2.7 per cent increase from 2014 production. United States meat production numbers for 2015 increased for pork (+7.2%) and broilers (+4.0%), but declined for turkeys (-2.5%) and beef (-2.3%), from 2014. Beef production estimates for 2015 were slightly increased from the December estimates with higher than expected cattle slaughter numbers. However, lower than expected cattle numbers placed on feed in late 2015 could limit beef production increases for 2016. (Source: USDA WASDE)

United States meat production for 2016 is projected to increase 2.8 per cent to 97.304 billion lb., a slight increase from the December estimates. Leading the way in meat production increases in 2016 (by percent) are projected to come from turkey (+7.3%) and beef (+3.8%), followed by broilers (+2.2%) and pork (+1.9%). (Source: USDA WASDE)

Friday Price Information

Product		This Week (Jan. 22, 2016)	Week of: (Dec. 18, 2015)	Week of: (Jan. 23, 2015)
Canadian Dollar (closing rate US\$)		.7067	.7171	.8049
U.S. Cash Cattle				
Thurs. Feeder Cattle (FC) Index (US\$ per cwt)		157.51	154.52	220.45
Seven-day Weighted Average FC Index Wt. (lb.)		747	730	752
Live Fed 5-area Steer Price (US\$ per cwt)		133.72	116.64	159.44
Feed Grains				
Barley	Lethbridge (\$/tonne)	205.00	210.00	202.00
	(\$ per bu.)	4.46	4.57	4.40
Corn	Iowa State Average (CDN\$/tonne)*	191.07	189.40	177.54
	(US\$ per bu.)	3.43	3.45	3.63
	Omaha, NE (CDN\$/tonne)*	199.43	198.18	179.50
	(US\$ per bu.)	3.58	3.61	3.67
Futures				
	March Corn (US\$ per bu.)	3.70¼	3.74½	3.86¾
	May Corn (US\$ per bu.)	3.74¾	3.80½	3.95¼
	February Live Cattle (US\$ per cwt)	132.075	125.525	150.350
	April Live Cattle (US\$ per cwt)	133.075	127.175	148.800
	January Feeder Cattle (US\$ per cwt)	159.425	148.750	213.700
	March Feeder Cattle (US\$ per cwt)	157.900	147.950	201.825

Sources: Bank of Canada, Iowa Department of Agriculture and Land Stewardship,

Chicago Mercantile Exchange (CME), ICE Futures Canada and USDA Livestock & Grain Market News

* conversion to CDN\$ is based on Friday's CDN\$ closing rate (This week it is Thursday's CDN\$)

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